

Ramapo College Foundation Management's Discussion and Analysis June 30, 2022

Foundation Overview

The mission of Ramapo College Foundation (the Foundation) “is to provide resources that make a difference in Ramapo College of New Jersey’s quest for educational excellence.” The Foundation, established in 1971 as a nonprofit corporation, is a 501(c) (3) charitable institution. Its purposes include providing funds to Ramapo College of New Jersey (the College) for student scholarships, educational programs, faculty development and research, community programs, construction projects, capital needs, and other College activities. The Foundation meets these goals through fundraising efforts, solicitation of annual fund donations, and securing capital and other restricted gifts, as well as grant contracts. The Foundation is a component unit of the College and operates within the College’s Outreach and Engagement Core and the office of Institutional Advancement.

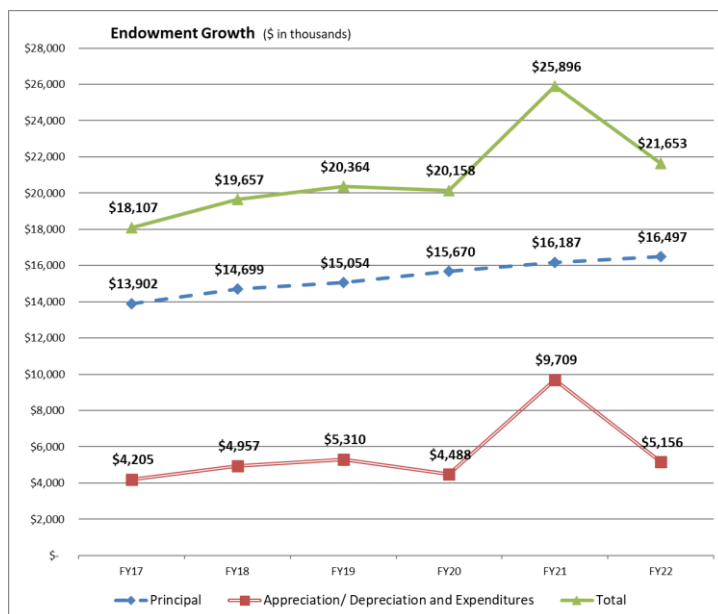
As an entity that follows accounting standards of the Financial Accounting Standards Board (FASB), the Foundation is not required to accompany its basic financial statements with a Management’s Discussion and Analysis (MD&A). However, Foundation management believes that some discussion and analysis provide useful information and context to help the users of the Foundation’s financial statements. Accordingly, it has prepared the following MD&A to accompany the Foundation’s financial statements and provide an overview of the financial activities for its fiscal year ended June 30, 2022, with comparative information for the prior two periods. This presentation includes highly summarized information and should be read in conjunction with the Foundation’s audited financial statements and footnotes.

Foundation Highlights

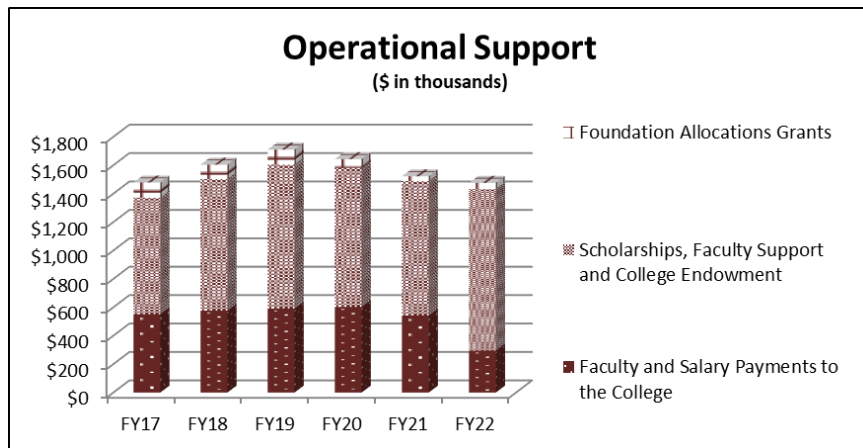
The Foundation financial position continues to be strong. It was however, impacted by the 2022 market declines experienced across most U.S and International business sectors. As a result, the endowment balance decreased by \$4.2 million to \$21.7 million. The endowment corpus did increase by \$300,000. Over the last five years, there has been a 19% growth in principle and 20% growth in total value. In Fiscal 2022,

the rate of return on endowment investments was -16.5%. The Foundation also set aside \$1.1 million of endowed funds for scholarship and program support to the College.

The growth in the endowment surpassed the College’s strategic plan goal which was to increase endowment corpus to \$15 million. The endowment spend rate was 5%. This remains above the national average of 4.1% for institutions with endowment pools of the same value (according to National Association of College and University Business Officers Fiscal 2020 statistics).



In Fiscal 2022, the Foundation awarded 550 student scholarships valued at approximately \$800,000, an increase of 21%. In 2021, there were approximately 463 scholarships awarded amounting to \$659,000. This includes funding from the endowments as well as annual support from donors. The increase in the dollar value and number of the awards is directly related to post pandemic increase in applicants and the restoration of many programs and courses.



Fiscal 2022 operational support provided to the College remained at \$1.5 million, the same as the prior year. In addition to providing scholarships, these funds are used to support faculty and staff salaries, programs and various faculty grant allocations.

Capital support to the College in Fiscal Years 2022 and 2021 was \$572,000 and \$1.2 million respectively. The decrease in

capital support is a result of the completion of the Learning Commons Building and associated capital campaign. As more pledges are completed, there are less payments made. Total support to the College in Fiscal 2022 for capital and operations exceeded \$2.0 million.

Statements of Activities

The Statements of Activities report the Foundation's income and expenses for a specific period

Condensed Statements of Activities (in thousands)	For the year ended June 30,		
	2022	2021	2020
Operating Support Revenue			
Donations	\$ 1,125	\$ 1,576	\$ 4,486
Contributed service revenue	1,746	1,332	1,438
Fund raising events, net	232	208	411
Grants	1,485	1,447	1,163
Special events/Membership/Program Services/Other	149	233	466
Investment Income	(3,576)	6,259	125
Total Support and Revenue	1,161	11,055	8,091
Expenses			
Capital, salary and support payments to College	1,046	1,874	5,707
Contributed service expense	1,746	1,332	1,438
Foundation operations	137	129	180
Events & programs/Fundraising/Planned giving & capital campaign	186	243	615
Scholarships and awards/College grants awarded	1,001	813	861
Expenses for restricted grants	1,674	1,494	1,110
Total Expenses	5,790	5,885	9,909
Change in Net Assets	(4,629)	5,170	(1,818)
Net Assets			
Beginning of year	29,910	24,740	26,558
End of year	\$ 25,281	\$ 29,910	\$ 24,740

of time, with focus on the annual revenue raised and the expenses incurred. As a result, this Statement also shows the Foundation's changes to net assets. The Foundation's net assets are equivalent to the net worth of the organization and are one way to measure the Foundation's financial health. Trends are important to monitor, but in any given year a significant change in net assets may result from a unique event such as receipt of a significant gift or disbursement of a large capital payment to the College. Consideration should also be given to net asset trends and to non-

financial factors that can reflect on the overall health of the Foundation and the College.

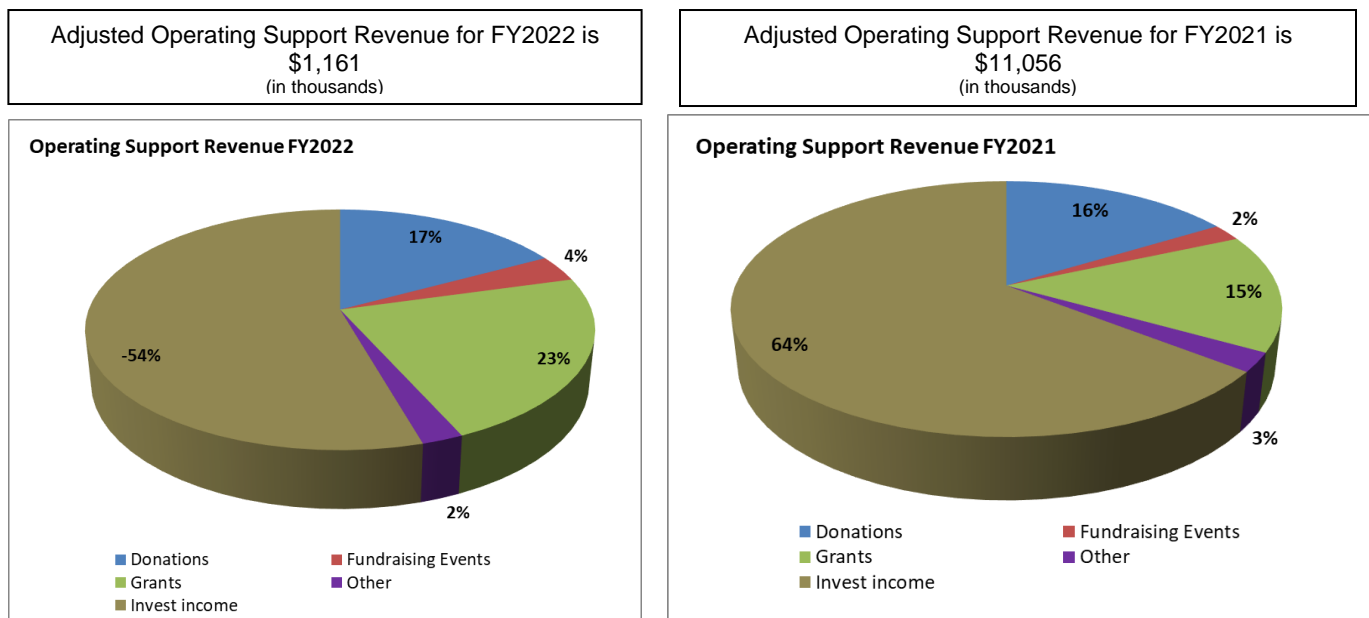
In Fiscal Year 2022, the net assets of the Foundation decreased by \$4.6 million or 15%. This decrease was due primarily to a decrease of \$3.6 million in investment income. In Fiscal Year 2021, net assets increased \$5.2 million or 21%. This was attributed primarily to investment gains in that year of \$6.3 million.

Total support and revenue for Fiscal Year 2022 was \$1.2 million, as compared to \$11 million in Fiscal Year 2021. As noted above, the decrease is attributed predominately to market losses on the endowment investments. Without the impact of investment activity, support and revenue in Fiscal 2022 was \$4.7 million and \$4.8 million in Fiscal 2021.

Total Expenses for Fiscal Year 2022 were \$5.8 million, as compared to Fiscal Year 2021 of \$5.9 million. There were no significant variances versus prior year in any expense category. Scholarships and Grant expenses were higher slightly vs prior year as activity in those area increased after Covid. Support to the College is lower as a result of lower Learning Commons pledge payments as noted above.

In Fiscal Years 2022 and 2021, the Foundation recorded donated service revenue and expense, relating to the affiliate support it receives from the College, of \$1.7 and \$1.3 million for each year. These amounts show a gross up in the Statement of Activities with no cumulative effect on the change in net assets or total assets. The Foundation has recognized in-kind revenue and a corresponding expense for this contribution associated with personnel who are paid directly by the College and are not subject to reimbursement by the Foundation. The increase in these amounts vs the prior year is a result of staff eliminations and furlough during the pandemic in Fiscal 2021. In addition, in Fiscal 2022, the Foundation temporarily suspended \$247,500 in salary support to the College, which increased contributed services revenue and expense. This was done in an effort to build up Foundation unrestricted funds.

The Foundation receives support and revenue from a variety of sources. These sources include donations, fundraising, grants, special events, bequests and other planned giving instruments, pledges, investment income and gifts-in-kind. Excluding the contributed service, a breakdown of the operating support revenue sources is below:



The Foundation’s revenue, when removing the impact of the contributed service revenue and investment income, was down 14% in Fiscal 2022 as compared to Fiscal 2021, and down 47% in Fiscal 21 as compared to Fiscal 2020. This decrease is due to donations which were lower in Fiscal 2022.

Statement of Financial Position

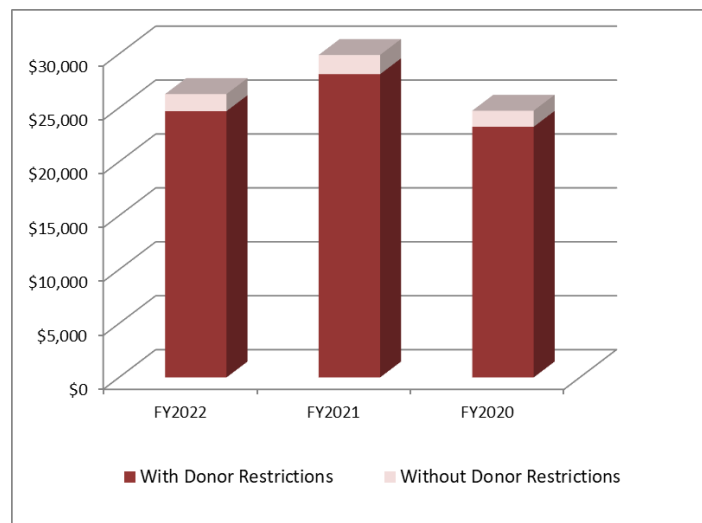
The Statement of Financial Position reports information on the Foundation at a single point in time. This is the report that shows the accumulated results of all the individual years of the Foundations operations. The comparison to the prior years will show changes in the assets and liabilities from one point in time versus another. Trends should be reviewed over a number of years to see the impact on the net assets and the composition of the net assets year-over-year.

Condensed Statement of Financial Position			
(in thousands)			
	At June 30,		
	2022	2021	2020
Assets			
Cash and cash equivalents	\$ 372	\$ 911	\$ 437
Grants receivable/AR/ Prepaid expense	638	377	467
Unconditional promises to give, net	1,334	1,654	2,273
Investments	23,378	27,509	22,128
	\$ 25,722	\$30,451	\$25,305
Liabilities and Net Assets			
Liabilities			
AP/Due Ramapo College/Due to agency funds	244	360	312
Deferred income	22	3	68
Annuities payable	175	178	185
Total Liabilities	441	541	565
Net Assets			
Total Net Assets	25,281	29,910	24,740
	\$ 25,722	\$30,451	\$25,305

In Fiscal Year 2022, assets decreased by \$4.7 million and liabilities decreased by \$101,000. The change in assets was driven largely by the market loss on endowed investments. The decrease in liabilities was due to higher accrued invoices payable at the end of Fiscal 2021. In Fiscal Year 2021, assets increased by over \$5 million and liabilities decreased by \$24,396 from 2020. The change in assets was driven by the market appreciation of the endowment investments.

The Statement of Financial Position shows the residual interest in the Foundation’s assets after liabilities. These net assets are divided into two categories: With Donor Restrictions and Without Donor Restrictions as shown in the graph to the right as of June 30th.

In Fiscal Year 2022, total net assets of the Foundation decreased by \$4.6 million. This is predominately attributed to the market losses in the investment portfolio as noted earlier. In Fiscal Year 2021, total net assets of the Foundation increased by over \$5 million as a result of market increases in that year



Statement of Cash Flows

Another way to view financial health is to look at the Statement of Cash Flows. Its primary purpose is to provide relevant information about cash receipts and cash payments of an entity during an accounting period. The financial data below is for the fiscal years ended June 30, 2022, 2021 and 2020. The Statement of Cash Flows helps users assess an entity's ability to generate cash and its ability to meet its obligations. It should be noted that there often is a timing difference between when cash is received by an organization and released. Therefore, several years should be reviewed to determine the pattern of cash flows.

The variance in cash is mainly attributable to the timing of payments to the College for support and capital and the release of funds for various restricted projects.

Comparison of Cash Flows	Year ending June 30,		
	2022	2021	2020
(in thousands)			
Net cash (used in) provided by			
Operating activities	\$ (649)	\$ (439)	\$ (277)
Investing activities	(164)	423	(284)
Permanently restricted contributions	274	490	409
Net increase (decrease) in cash and cash equivalents	(539)	474	(152)
Cash and cash equivalents beginning of year	911	437	589
Cash and Cash Equivalents, end of year	\$ 372	\$ 911	\$ 437

Future Outlook

In Fiscal Year 2016, the College received a \$15 million bond from the State of New Jersey to support the transformation of Potter Library into a 21st century Learning Commons. As a result, the Foundation launched a single purpose capital campaign for private funding to provide additional capital support; approximately \$14 million in gifts, pledges and other promises to give were secured to date for this project. The Learning Commons opened as scheduled in the fall of 2021. The capital campaign to support the Learning Commons was considered closed in Fiscal 2022.

The Foundation employs what it believes to be sound fiscal management which contributes to the stability in its financial health. Continued emphasis will be placed on grant and scholarship growth, and planned giving legacy programs, securing significant capital and programmatic support to renovate facilities and launch new programs, and increasing annual fund participation levels. This will be achieved in part through alignment with the College's Priority Needs Proposals which are designed to build on institutional strengths, attract private resources and increase the reputation and visibility of the College. These are specific, targeted initiatives endorsed by the President and Senior Team to prioritize fundraising efforts. In addition, the College completed the writing of its new strategic plan for 2023-2029 titled Boldly Ascending. Once formally approved, the Foundation will complete a strategic plan to align with the College goals and objectives.